

### **REMARKS**

The preceding amendments and the following remarks form a full and complete response to the Office Action dated January 25, 2008, which has been received and carefully reviewed. Claims 1-12 are pending in this application. Claim 1 has been amended for reasons unrelated to patentability, but no new matter has been added. In view of the above amendments, and the following remarks, Applicants respectfully request reconsideration of this Application, and allowance of all of the presently pending claims.

The Office objected to the Abstract of the disclosure for improper language. Applicants submit that the amendments made to the abstract obviate the Office's objection. Applicants, therefore respectfully request withdrawal of the objection to the abstract.

Claims 1-4, 6, 9-10, and 12 were rejected under 35 U.S.C. §102(b) as being anticipated by U.S. Patent No. 6,012,565 to Mazur ("Mazur"). Applicants traverse the rejection on the basis that claims 1-4, 6, 9-10, and 12 recite subject matter that is not disclosed by Mazur.

Claim 1 recites a method for adjusting the threshold values of sensors used in a machine that processes bank notes based on their fitness for circulation. The method includes a step of selecting at least one bank note that is fit for circulation and one that is unfit for circulation. The machine next processes the bank notes (i.e., the fit and unfit notes) and stores data collected by at least one of the machine's sensors during the processing step. Finally, according to the process, the machine evaluates the collected

data to determine a threshold value for the sensor. As a result of the claimed invention, the threshold value can be set by processing a fit and an unfit note.

Regarding the claim terms “fit” and “unfit,” Applicants direct the Office to the specification because claims cannot be read in a vacuum and instead, the meaning of words used in a claim is construed in the context of the specification and drawings. See Toro Co. v. White Consolidated Industries, Inc., 199 F.3d 1295, 3101 (Fed. Cir. 1999); see also Phillips v. AWH Corp., 415 F.3d 1303, 1315 (Fed. Cir. 2005) (“claims must be read in view of the specification, of which they are a part.”); MPEP § 2111.01.

Specifically, the specification states that

The measuring device 41 contains at least one sensor whose signal provides an indication of the state of the particular bank note to permit a judgment and classification of the bank note as fit for circulation or unfit for circulation.... The stated sensors permit e.g. statements on whether the particular bank note is soiled or damaged or whether it has alien elements such as clips or adhesive tape which affect the fitness for circulation of the particular bank note.

Present Application at ¶ [0012]. Thus, read in light of the specification, it becomes clear that the terms “fit” and “unfit” for circulation relate to something different than denomination or authenticity, such as, whether a bank note is soiled, damaged, contaminated by alien elements, etc.

Mazur discloses a currency handling system capable of operating in two modes: a “standard” mode and a “learn” mode. See Mazur at col. 4, lines 66-67. When working in its standard mode, the system compares information of data acquired from an optical and/or magnetic scan of a bill to “master information” to determine, e.g., the bill's

authenticity or denomination. See Mazur at col. 4, line 66 – col. 5 line 26. In order to update the “master information” (for, e.g., changing the machine to read British Pounds instead of U.S. Dollars), Mazur discloses a “learn” mode. See Mazur at col. 8, lines 27-60. In order to operate in learn mode, the user loads a stack of representative master currency bills in a hopper, which then get fed through the system and read. Id. These bills get optically and/or magnetically scanned and the information gets stored as “master information” in the system’s memory. Id.

Mazur fails to disclose all of the features of claim 1. For instance, Mazur fails to disclose selecting at least one bank note fit for circulation **and one bank note unfit** for circulation. The Office Contends that Mazur’s use of master currency bills discloses selecting at least one bank note fit for circulation. See Office Action at 3. As discussed above, Mazur uses master currency bills as inputs to update a “master information” which relates to authenticity or the denomination. There simply is no reason why the master currency bills would necessarily contain both fit and unfit bills. The master currency bills are being used to define authenticity or denomination. Mazur simply fails to disclose whether fit or unfit bills would be used and the office action is merely speculating that unfit bills could or would be used. Indeed, the disclosure of Mazur is completely unrelated to the fitness of the bills for circulation.

The Office suggests that this feature is inherent in the disclosure of Mazur because the operator will use “unfit” and “fit” notes in test bills when testing the banknote processor after processing of the master set. This feature, however, is not inherently disclosed by Mazur.

As stated in the MPEP, “[t]he fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result of characteristic.” MPEP § 2112 (emphasis in original); see also In re Robertson, 169 F.3d, 743, 745 (Fed. Cir. 1999) (“To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference.”). In this case, the Office would have to establish that the operator in Mazur must use both unfit and fit notes when testing the banknote processor after processing of the master set in order to establish inherency. This clearly is not the case as the operator could (and probably would) use only fit notes. Accordingly, Mazur fails to inherently disclose using both fit and unfit notes as test bills when testing the banknote processor after processing of the master set.

Thus, Mazur fails to disclose selecting at least one bank note that is fit and one bank note that is unfit for circulation, as required by claim 1. Accordingly, the rejection of claim 1 is improper and should be withdrawn.

Based on the fact that Mazur fails to disclose each and every element of the claimed invention, Applicants submit that claim 1 is patentable over Mazur. Applicants, therefore, respectfully request withdrawal of the rejections under 35 U.S.C. § 102(b) of claim 1 and its dependent claims 2-4, 6, 9-10, and 12.

Claims 1-12 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Mazur in view of U.S. Patent No. 5,680,472 to Conant (“Conant”), U.S. Patent No. 5,462,149 to Waine et al. (“Waine”), and what is well known in the art. Applicants traverse the rejection on the basis that claims 1-12 recite subject matter

neither disclosed nor suggested by the combination of Mazur, Conant, Waine, and what is well known in the art.

The Office contends that Mazur teaches all that is claimed in claims 1-12 except that it fails to teach that bank notes fit for circulation and those unfit for circulation are separated from each other by means of a separation card, as recited by claim 5. The Office then asserts that the combination of Waine, Conant and what is well known in the prior art teaches this feature. As discussed above, however, Mazur fails to teach all of the elements of claim 1, from which claims 2-12 depend. Furthermore, Waine and Conant, which relate exclusively to the recognition of banknotes and the examination of their authenticity, fail to make up for the deficiencies of Mazur. Applicants, therefore, respectfully request the withdrawal of the rejection under 35 U.S.C. § 103(a) of claim 1 and its dependent claims 2-12.

The Office Action proposed in the alternative that Mazur teaches each feature of the invention except the use of unfit and fit bills. To attempt to make up for this deficiency, the Office Action cites to Conant and Waine. Applicants traverse the alternative rejection on the basis that the combination of Mazur, Conant, and Waine fails to disclose or suggest each and every element of the claimed invention.

Conant discloses a method and apparatus for the automatic recognition of the denominations of paper currency. See Conant at col. 1, lines 9-11. Using the apparatus and method, denominations of paper currency can be rapidly determined as the bills move pass the scanning system at high rates (e.g. 1,000 bills per minute). Id.

at col. 1, line 66 – col.2 line 5. Additionally, linear discriminant functions are used to rapidly classify a bill image.

Similarly, Waine discloses a coin validator that determines the denomination of a coin and can also determine if the coin is counterfeit. See Waine at col. 1, lines 59 – col. 2, line 32. Additionally, Waine discloses a teach mode that the operator can use to program the apparatus to reject or accept certain counterfeit coins if they have previously not been rejected. Id.; col. 7, line 8 – col. 8, line 29. Like Mazur, both Conant and Waine have nothing to do whatsoever with determining whether a bill is fit or unfit for circulation. Thus, the combination of the prior art fails to disclose the use of fit and unfit bank notes. Specifically, none of the references teach selecting at least one bank note fit for circulation in a bank note processing machine for setting sensor thresholds therein and selecting at least one bank note unfit for circulation and processing bank notes. Indeed, it would not make sense for any of them to do so. Applicants, therefore, respectfully request withdrawal of the alternative rejection to claims 1-12.

Additionally, the Applicants traverse the Official notice taken by the Office that the use of a separator card is well known in the banknote processing arts and request that the Office substantiate its assertion with supporting facts.

In view of the above, all objections and rejections have been sufficiently addressed. The Applicant submits that the application is now in condition for allowance and request that this application be passed to issue.

In the event that this paper is not timely filed, the Applicant respectfully petitions for an appropriate extension of time. Any fees for such an extension together with any additional fees may be charged to Counsel's Deposit Account No. 02-2135.

If for any reason the Examiner determines that the application is not now in condition for allowance, it is respectfully requested that the Examiner contact, by telephone, the Applicant's undersigned attorney at the indicated telephone number to arrange for an interview to expedite the disposition of this application.

Respectfully submitted,

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Date

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